

# Kentucky Brownfield Redevelopment Program

<http://dep.ky.gov/Pages/brownfields.aspx>

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## Cleaner Commonwealth Fund Loan Program

The Kentucky Cleaner Commonwealth (CCF) Fund was established from an \$850,000 U.S. Environmental Protection Agency (EPA) Brownfield Revolving Loan Fund Grant. This allows the Kentucky Brownfield Redevelopment Program to make subgrants and loans to eligible entities for cleanup-related activities at eligible brownfield sites. Grants and loans from the CCF are set up on a reimbursement structure. This document primarily covers the loan program, which is briefly outlined below.

### Eligible Entities/Properties

- Loans are available to nonprofits, quasi-governmental agencies and local governments.
- Applicants must adhere to proper Bona Fide Prospective Purchaser guidelines to be eligible for cleanup loan funds.
- Properties must be considered brownfields.
- While in most cases the applicant must own the property, there are some cases where the property can be owned by a partner organization.

### Loan Period

- Loans can be made for a period of 10-15 years, depending on the needs of the applicant.
- For public entities, nonprofits and quasi-governmental agencies, the program can deem a portion of the loan to be forgivable given proper adherence to the approved cleanup plan and institutional controls.

### Loan Interest Rates

- The starting rate for any loan will always be at least one point below market. It will be determined by the applicant's organizational type and the potential environmental and economic impacts of the project. The program reserves the right to make very low interest loans and no interest loans for areas where there is extreme poverty and/or environmental justice concerns.
- Interest will start to accrue at project completion when the requirements of the cabinet-approved cleanup plan have been met (date DWM issues a NFR, Notice of Completion or equivalent depending on the case).
- Interest will only be accrued on the actual amount drawn by the entity for cleanup. Loans are approved up to a certain amount, and the applicant can seek reimbursement up to that amount.

### Loan Repayment

- Loan repayments will be made two times per year, in February and August.
- Loan repayment will commence on the first repayment month (February or August) following the completion of the project.
- There is no penalty for early repayment.
- For qualified entities, the program reserves the right to provide "loan forgiveness" on a portion of a loan. This will depend on successful completion of the project and funding levels.
- Loan repayment and schedule will be determined after completion of the cleanup and will reflect the actual accrued cleanup costs and any forgivable portion granted.



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## **Information and Financial Records Required for a Loan (in addition to existing environmental and project info for grant):**

- Business plan if applicable
- Information on each owner/partner in the project
- Past three years of audited financial statements
- Most recent internally prepared financial statements
- Pro Forma statements

## **Collateral**

- Collateral will be required and can come in the form of cash, bonds or reasonable business or personal assets. The form of collateral is negotiable in each case.

## **Kentucky Brownfield Redevelopment Program**

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